

CALIFORNIA EMPLOYER

e-Services for Business. Online. Anytime.



TAXPAYER ASSISTANCE: 888-745-3886

FIRST QUARTER 2012

"Best of the Web" Award Goes to e-Services for Business

On September 16, 2011, the Center for Digital Government, a national research and advisory institute on information technology policies and best practices in state and local government, proudly recognized and honored the Employment Development Department (EDD) with a "Best of the Web" award in the "Government to Business" category for its e-Services for Business application.

E-Services for Business offers employers and their representatives a fast, easy, and secure way to manage their payroll tax accounts online. After completing a simple, one-time enrollment, you can access your account 24 hours a day, seven days a week.

Filing reports and making tax payments has never been easier! You can save time and postage by filing and paying online. To improve accuracy, built-in edits help

you identify and correct errors online. E-Services for Business allows you to file the most commonly used forms online, including:

- ✓ *Payroll Tax Deposit* (DE 88)
- ✓ *Quarterly Contribution Return and Report of Wages* (DE 9)
- ✓ *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)
- ✓ *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW)
- ✓ *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW)
- ✓ *Quarterly Contribution and Wage Adjustment Form* (DE 9ADJ)
- ✓ *Report of New Employee(s)* (DE 34)
- ✓ *Report of Independent Contractor(s)* (DE 542)

In addition to making payments and fil-

ing reports, you can use e-Services for Business to:

- Register for an employer payroll tax account number.
- View account balance and correspondence.
- View payment history and returns previously filed online.
- View current tax rates and rate history.
- Update account information.
- Close your account.

In an ongoing effort to improve service, the EDD will be implementing enhancements to e-Services for Business. The enhancements will allow e-Services for Business to be used on all platforms, operating systems, and browsers, including tablets. As a result, Microsoft Silverlight will no longer be required for access.

Join the ever-growing number of employers using e-Services for Business by enrolling at <https://eddservices.edd.ca.gov>.

State Disability Insurance: 2012 Contribution Rate is 1.0%

Effective January 1, 2012, the State Disability Insurance (SDI) contribution rate is 1.0% (.01) and the SDI taxable wage limit is \$95,585.

The SDI taxable wage limit is the maximum amount of wages per employee each year subject to the SDI contribution.

The maximum yearly contribution amount

per employee is \$955.85.

For 2012, the maximum weekly benefit amount is \$1,011 per week. Claimants qualify for the maximum amount, provided they are otherwise eligible, and they have earned at least \$23,872.18 or more in at least one quarter of the base period used to calculate their claim award.

Workers covered by SDI are covered by the Disability Insurance (DI) program and Paid Family Leave (PFL) program. The new maximum benefit amount is applicable to DI and PFL benefit claims as prescribed in the California Unemployment Insurance Code.

For more information on SDI and PFL qualifications and to download posters, brochures, and the SDI weekly benefit amount chart, visit our website, www.edd.ca.gov/Disability/Forms_and_Publications.htm or call DI at 800-480-3287 and PFL at 877-238-4373.

Deaf, speech impaired, and hard of hearing callers should contact the SDI at 800-563-2441 (TTY) or PFL at 800-445-1312 (TTY). These numbers do not accept voice calls.

Valuable Information on Payroll Tax Laws

Need help understanding and complying with California payroll tax laws? We offer no-fee State payroll tax seminars, either classroom-style or Web-based, on various tax-related topics.

To view the seminars available in your area and to access the Web-based seminars, visit the EDD website: www.edd.ca.gov/Payroll_Tax_Seminars/

Additional information is also available from our Taxpayer Assistance Center at 888-745-3886.

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- Employment and Payroll Tax Information
- Labor Market Information
- Paid Family Leave Information
- Workforce Investment Act and Wagner-Peyser Act

To subscribe, go to the EDD's Home page at www.edd.ca.gov and select "Get E-mail Notices", then select the option "I want to subscribe." It's easier than ever to keep updated and informed!

Federal Small Business Health Care Tax Credit Available

The small business tax credit included in the new federal health care law, also known as the Patient Protection and Affordable Care Act (ACA), is specifically designed for small businesses and small tax-exempt organizations that primarily employ moderate and lower-income workers.

The tax credit will help make maintaining existing coverage or offering health insurance to employees for the first time more affordable. Small employers can now claim the credit on their 2010 income tax return.

What are the requirements to qualify?

Small and tax-exempt employers that provide health care coverage to their employees are eligible for the health care tax credit if:

- They employ fewer than 25 full-time employees.
- The annual average wage per employee is less than \$50,000 per year.
- They pay at least 50 percent or more of employees' premium cost for health insurance coverage.

How much is the tax credit?

To help offset the costs of covering em-

ployees, there is a sliding-scale tax credit of up to 35 percent of the employer's eligible premium expenses for tax years 2010–2013.

- Employers with 10 or fewer full-time employees, paying annual average wages of \$25,000 or less, qualify for the maximum credit – 35 percent.
- Beginning in 2014, the maximum tax credit increases to 50 percent of premium expenses and coverage must be purchased from the California Health Benefit Exchange.

How to claim the tax credit

Small employers can claim the tax credit as part of the general business credit starting with the 2010 income tax return filed in 2011.

Small employers can calculate the credit with the new IRS Form 8941, Credit for Small Employer Health Insurance Premiums. The form is available at www.HealthLawGuideforBusiness.org and the Internal Revenue Service at www.irs.gov.

Small businesses that have filed a tax return and later determine they are eligible can file an amended 2010 return.

UI Changes for Spring 2012: Alternate Base Period

Beginning in spring 2012, the Employment Development Department (EDD) will be implementing a new California law allowing new Unemployment Insurance (UI) claims to be filed using wages in an alternate base period.

Claimants who do not have sufficient wages to file a UI claim using the "standard" base period, which is the first four of the last five completed calendar quarters at the time the claim is filed, may be able to use the wages in the most recently completed calendar quarter to file the claim.

The new law does not change your current wage reporting requirements. However, beginning as soon as March 2012,

you may receive requests for wage information before your customary wage reports are due. The alternate base period wages will only be requested if claimants appear to have enough wages to file a valid alternate base period claim and do not qualify for a claim using the standard base period.

It is important that you respond timely to these wage requests because, if the claim is overpaid due to untimely receipt of wage information from you, your reserve account may not be relieved of charges.

For additional information regarding California's new alternate base period program, refer to the 2012 *California Employer's Guide* (DE 44).

Plan for 2013: ICESA, MMREF formats are being phased out

Effective January 1, 2013, the Employment Development Department (EDD) will not be accepting the file formats Interstate Conference of Employment Security Agencies (ICESA) and Federal Magnetic Media Reporting and Electronic Filing (MMREF) for the reporting of the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) on diskette, CD-R, or as a File Attachment.

You must select one of the following file formats in order for your DE 9C to be processed:

- File Attachment – The File Attachment option using eXtensible Markup Language (XML) allows you to submit the DE 9C online using the EDD's secure website. The *Quarterly Contribution Return and Report of Wages* (DE 9) may also be submitted using the XML File Attachment option.
- Direct Entry – This option is designed for employers with 250 or less employees. This option allows you to complete your wage reports (and many other reports) online and submit them

to the EDD using its secure website. You can either import a "Comma Separated Value" (CSV) or key in the information. The employee information will be pre-filled on subsequent returns.

- Federal/State Employment Taxes (FSET) – FSET provides a standardized method for reporting federal and state employment tax and wage information as a file attachment over the Internet using XML file format and Web services. For more information regarding FSET and obtaining a list of approved vendors, visit our website at: www.edd.ca.gov/Payroll_taxes/Bulk_Transmissions.htm or call FSET Customer Service at (866) 592-1651.

For more information, the *Electronic Filing Guide for the Quarterly Wage and Withholding Program* (DE 8300) may be downloaded from the EDD website at www.edd.ca.gov/pdf_pub_ctr/de8300.pdf.

If you have any questions, please contact the e-Services Section at 916-654-6845.

Quick Reminder

- Please do not use a cover letter when sending in your:
- *Quarterly Contribution Return and Report of Wages* (DE 9) or
- *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C).

It may delay processing.

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